

Q3 Earnings Train On The Tracks: Global Week Ahead

<http://www.investing.com/analysis/q3-earnings-train-on-the-tracks:-global-week-ahead-200160383>

In the Global Week Ahead, a formidable batch of quarterly earnings updates, 4 Fed speakers plus ECB President Mario Draghi, and the latest Q3 U.S. GDP reading should act as major trading catalysts.

Think of it as a train, with the locomotive being the earnings reports.

To start off, we will see a massive week for quarterly earnings updates. 179 S&P 500 companies report.

Some provide guidance on consumer spending (P&G, GM, VISA), while others opine on big-ticket capital goods spending (Caterpillar (NYSE:CAT), Whirlpool (NYSE:WHR), 3M).

Second, the FOMC will go into its usual communications blackout ahead of next week's NOV Fed rate decision. Just before the NOV communications blackout, we hear from four Fed speakers. Three speak on Monday.

- The NY Fed's Dudley (always voting) speaks about the changing structure of the U.S. Treasury market.
- St. Louis Fed President Bullard (voting) speaks on the U.S. economy.
- Chicago Fed President Evans (who starts voting in January) speaks on current economic conditions and monetary policy.
- Atlanta Fed President Lockhart speaks on community development on Tuesday.
- Also, ECB President Draghi speaks in Berlin on Tuesday.

Finishing things up, the latest U.S. Q3 real GDP growth rate hits the ticker tape on Friday. Around +2.5% annualized growth is where the latest WSJ consensus has formed. That GDP print should be good enough for the Fed to vote in a 25 basis point hike at its December meeting.

The Atlanta Fed GDPNow estimate shows +2.0% growth in Q3. This nowcast measure started at +3.75% growth. It has lost almost half its early tracking.

Fed fund futures markets have less than 20% odds of a hike after the November meeting. About 70% odds on a December rate hike are in play.

November won't happen.

Top Zacks Rank stocks–

(1) **Ross Stores** (NASDAQ:ROST) is a U.S. retail discounter. The stock got a Zacks #1 (Strong Buy) rating and holds a Zacks VGM score of B.

(2) **Lam Research** (NASDAQ:LRCX) is a semiconductor equipment-wafer fabrication outfit. The company designs, manufactures, markets and services semiconductor processing equipment used in the fabrication of integrated circuits. Lam is recognized as a leading supplier of front-end wafer processing equipment to the worldwide semiconductor industry. The stock has a Zacks #1 Rank and a Zacks VGM score of A.

Key Global Macro–

Three Fed speakers are scheduled for Monday. On Tuesday, Mario Draghi speaks in Berlin. He could further explain last week's ECB monetary policy decisions.

The European PMIs out on Monday beat consensus. The manufacturing PMI was 53.3 and the services PMI hit 53.5. Both were up nearly a point from the prior monthly reading.

On Friday, the U.S. economy produced an anemic +1.1% growth rate in the first half of 2016. Third-quarter GDP figures should show a pickup in growth. The Wall Street Journal consensus is for a +2.5% lift. Volatile trade and inventories should be the major sources of the latest quarterly rise.

On Monday, the Eurozone manufacturing PMI came out at 53.3 vs. a prior 52.6, and the services came out at 53.5 vs. a prior 52.6.

As for major countries, the preliminary France PMI for manufacturing came out at 51.3, versus a prior of 49.7.

The preliminary German PMI for manufacturing was 55.1 and for services it was 54.1, versus prior readings of 54.3 and 50.9 respectively.

The Fed's Dudley speaks in NYC, the Fed's Bullard speaks in Arkansas, and the Fed's Evans speaks in Chicago.

Mexico's seasonally adjusted unemployment rate is 3.75%.

On Tuesday, South Korea's real GDP growth looks to come in at +3.3% y/y.

Germany's IFO indexes come out. The prior business climate reading was 109.5, while the current conditions showed a 114.7 and expectations registered a 104.5.

COPOM monetary policy meeting minutes come out in Brazil.

The ECB's Draghi speak in Berlin.

On Wednesday, the EU's Tusk and Juncker speak at the European Parliament in Strasbourg.

Retail Sales in Italy were -0.20% y/y in a prior reading. The last month was 0.3m/m.

Trudeau of Canada speaks at the European Parliament in Strasbourg.

The personal loan default rate in Brazil is 6.3%.

On Thursday, there is a EU-Canada summit in Brussels.

Singapore's unemployment rate is 2.2%.

U.K. GDP looks to be up +2.1% y/y.

U.S. initial claims should be strong again at 260K.

On Friday, Russia's central bank issues a fresh interest rate announcement.

Brazil's all-important inflation rate looks to be 8.87% this time around, better than the +10.66% in the prior reading.

The 1st estimate for US GDP comes out. The 3Q consensus is for +3.0% q/q annualized, versus a 2Q of +1.4%.

University of Michigan sentiment comes out. Look for 89.